

Section J.1

Performance Requirements Summary (PRS)

J-1 Performance Requirements Summary (PRS)

The purpose of this Section is to define performance evaluation and contract payment formulas based on actual levels of performance. The PRS chart provided as Table J.1-1 contains 9 categories of information as defined below.

J-1.1 Explanation of PRS Components

The following sections explain the purpose of each column of the PRS chart, Table J.1-1.

J-1.1.1 Column A- Performance Work Statement (PWS) Reference

Provides the PWS paragraph reference for each requirement stated in Table J.1-1.

J-1.1.2 Column B- Required Services

Performance analysis assigns a performance requirement to each task. Column B contains required services from the PWS that the government will monitor.

J-1.1.3 Column C- Performance Standard

The performance standard establishes the performance level required by the Government. Column C defines the standard of performance for each listed service.

J-1.1.4 Column D- Acceptable Level of Performance (ALP)

The ALP establishes a maximum allowable error rate or variation from the standard. Column D is the minimal acceptable performance requirement for each required service.

J-1.1.5 Column E- Lot Size

The estimated workload for each required PWS service. The indicated workload will be used as the basis for surveillance of the Contractor's performance.

J-1.1.6 Column F- Sample Size

Representative outputs drawn from the lot for inspection. The number of outputs in a sample is the sample size.

J-1.1.7 Column G- Surveillance Method

The method that will be used to determine the level of actual performance.

J-1.1.8 Column H- Award/Deduction

A variance from the monthly payment schedule resulting from falling short of the required performance service levels. Paragraph J-5 provides an example of how the payment variances are computed.

J-1.1.9 Column I- Percentage of CLIN

The percentage of contract line item number (CLIN) dollar amount associated with each required service item. All required service items total 100% of CLIN value.

Table J.1-1 PERFORMANCE REQUIREMENTS SUMMARY
Performance Standard

(a) PWS Reference	(b) Required Service	(c) Performance Standard	(d) ALP	(e) Lot Size	(f) Sample Size	(g) Surveillance Method	(h) Deduction	(i) % of CLIN
5.1.1	FMFIA compliance	All critical processes reviewed within required timeframes to ensure compliance with FMFIA.	95%	Total number of critical processes reviewed.	Random Sample	Monthly random sample of completed critical processes reviewed for compliance. Yearly random sample of critical processes reviewed for timeliness		10%
5.1.2.1 5.1.2.2 5.1.2.3	Record all "DFAS recordable" accounting events in accordance with applicable directives.	All accounting events processed accurately within the required timeframes.	FY02 99.2% FY03 99.5% FY04 99.5% FY05 99.5% FY06 99.5%	Total number of events	Random Sample	Random sample for completion and accuracy monthly		10%
5.1.2.1 5.1.2.2 5.1.2.3	Produce required financial reports.	All mandatory reports prepared and submitted within the required timeframe.	99%	Total number of reports	100% Inspection	100% Inspection of all mandatory reports quarterly		10%
5.1.2.1 5.1.2.2 5.1.2.3	Perform all mandatory financial reconciliation.	Perform all mandatory financial reconciliations within the required timeframes.	FY02 96% FY03 97% FY04 98% FY05 98% FY06 98%	Total number of required reconciliations	Random Sample	Random sample of mandatory reconciliations monthly		10%
5.1.3	Manage FMS Trust Fund Cash.	Maintenance of country cash at the trust fund level verified to ensure sufficient Cash on hand prior to issuing expenditure authority (EA). Unless otherwise approved by DSCA.	FY02 99.2% FY03 99.5% FY04 99.5% FY05 99.5% FY06 99.5%	Total number of EAs issued	100% Inspection	100% Inspection of EAs issued monthly		25%

(a) PWS Reference	(b) Required Service	(c) Performance Standard	(d) ALP	(e) Lot Size	(f) Sample Size	(g) Surveillance Method	(h) Deduction	(i) % of CLIN
5.1.5	Provide guidance and information to customers on all matters related to Security Assistance financial accounting policy and procedures.	Ensure compliance with higher directives and responses to customer requests for guidance are provided in a timely manner.	99%	Total number of valid customer complaints and surveys	Random Sample	Random Sample of customer surveys and complaints quarterly.		10%
5.1.6	Manage and complete Government directed SAA AIS System changes.	Prepare accurate Systems Change Requirements (SCRs) and test plans.	98%	Total number of SCRs/ Total number of test plans	100% Inspection	100% Inspection of implemented SCRs and associated documentation quarterly		5%
5.1.7	Record, report, and reconcile disbursements and delivery transactions to the SAA AIS	Report delivery transactions and disbursements within the required timeframes.	FY02 96% FY03 97% FY04 98% FY05 99% FY06 99%	Total number of delivery transactions/ Total number of disbursements	Random Sample	Random Sample of delivery transactions and disbursements monthly.		10%
5.1.8	Perform activities related to closure of FMS cases/lines.	Cases closed within prescribed timeframes within 90 days of Case Closure Certificate Inventory (CCCI) receipt or appropriate action to include inhibitors	FY02 90% FY03 91% FY04 92% FY05 93% FY06 95%	Total number of certificates received	Random Sample	Quarterly random sample of cases closed within 90-day timeframe with CCCI inhibitors.		10%

J-1.2 Government Quality Assurance

The Contractor's performance will be compared to the performance standards. The Contractor should take into consideration the task criticality, task lot size, surveillance period, performance requirements and standards, availability of quality assurance evaluators (QAEs), surveillance value in relation to task cost/criticality, and available resources. The Government may use a variety of surveillance methods to evaluate the Contractor's performance. The methods of surveillance that may be used are the following:

- **100% Inspection:** This is usually only the most appropriate method for infrequent tasks or tasks with stringent performance requirements.
- **Random sampling:** This is usually the most appropriate method for recurring tasks. With random sampling, services are sampled to determine if the level of performance is acceptable. Random sampling works best when the number of instances of the services being performed is very large and a statistically valid sample can be obtained.
- **Customer input:** Although usually not a primary method, this is a valuable supplement to more systematic methods. In certain situations where customers can be relied upon to complain consistently when the quality of performance is poor, customer surveys and customer complaints may be a primary surveillance method, and customer satisfaction an appropriate performance standard.

Agencies should take care to ensure that no undue interference with contractor operations occurs. The extent of surveillance is determined by the surveillance schedule established in the Quality Assurance Surveillance Plan (QASP).

J-1.3 Performance Evaluation

Performance of a service will be evaluated to determine the extent to which it meets the performance requirements. When there is a variance to the ALP, the Contracting Officer will issue a Contract Discrepancy Report (CDR) to the Contractor for negative variance. Upon evaluation of the Contractor's response to a CDR, the Contractor's payment will be calculated as illustrated in paragraph J-1.5. The Contractor shall respond to the CDR by completing block 9 and block 10 of the form and returning it to the Contracting Officer within 15 calendar days of receipt.

Where surveillance results show good performance consistently, the amount of surveillance should be adjusted accordingly. This saves the government money, reduces oversight burden on the Contractor, and recognizes the Contractor's achievement of performance.

J-1.4 Contractor Payment

J-1.4.1 For a required service that varies from the ALP, the Contractor shall be paid the percentage of the biweekly contract line item (CLIN 0001) unit price indicated in Table J.1-1 for that service, with any applicable awards or deductions.

J-1.5 Example of Payment Computation

- Required service item 2.
- Lot size of 700,000.
- Sample size of 1,250.
- ALP of 99.9%.
- Biweekly payment for CLIN 0001 equal to \$1,000,000.
- Actual level of performance equal to 98%.

(1)	Biweekly CLIN 0001 total price for all required services	\$	1,000,000	
(2)	Payment percentage for acceptable delivery of the required service item 2	\$	<u>X25</u>	%
(3)	Biweekly payment for acceptable delivery of required service item 2 (Line 1 times Line 2)	\$	250,000	
(4)	Percentage of sample determined acceptable through random inspection (14,000 defective in lot)	\$	<u>X98</u>	%
(5)	Application of Deduction \$.3571428 per pay account X 13,300 defective services	\$	<u>(4,750)</u>	
(6)	Total biweekly payment due the Contractor for required service item 2: (Line 3-Line 5)	\$	245,250	